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Chairman: Ms. Intelmann ..... (Estonia)

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The meeting was called to order at 11.45 a.m.

Agenda item 57: Eradication of poverty and other development issues (*continued*) (A/61/307)

(a) Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006) (*continued*) (A/61/308)

(b) Industrial development cooperation (*continued*) (A/61/305)

1. **Mr. Schölvinck** (Director, Division for Social Policy and Development, Department of Economic and Social Affairs) introduced the report of the Secretary-General on the observance of the International Day for the Eradication of Poverty (A/61/308), which gave a brief overview of the link between the International Day and human rights; discussed the usefulness of a human rights approach as a tool for poverty reduction; and reviewed the observance of the International Day throughout the world.

2. Of the review's findings, he highlighted the opportunity to foster dialogue and collaboration among stakeholders and the importance of the participation of poor people themselves. Such participation empowered poor people by giving them a forum where they could express their concerns. The inclusion of people living in poverty in all poverty eradication efforts was a crucial message that should be repeated throughout the year.

3. The report concluded that the observance of the International Day could be an important rallying point for national and global campaigns to realize the Millennium Development Goals, in particular the goals to eradicate poverty and hunger. It recommended, inter alia, that human rights should be mainstreamed into development discussions as a key tool in the eradication of poverty; the International Day should be a national day for action involving all stakeholders and citizens; the participation of people living in poverty should be at the centre of the observance of the International Day; and special efforts should be made to ensure the inclusion of the most isolated groups.

4. He then turned to the report of the Secretary-General on the observance of the International Year of Microcredit, 2005 (A/61/307), which described national efforts and spotlighted major activities and events launched at the international level in partnership with different actors.

5. The report observed that the Year had significantly contributed to raising global public awareness about microcredit and microfinance as important tools for reducing poverty and achieving the Millennium Development Goals. More than 60 countries had established national committees and over 100 had joined global efforts to advance microfinance programmes. Over 300 conferences, forums and other events had been organized to celebrate the Year and promote discussions on how to improve access to sound financial services for people living in poverty.

6. An important initiative of the Year had been the report of the United Nations Capital Development Fund entitled *Building Inclusive Financial Sectors for Development*, which addressed the challenges to building inclusive financial sectors and served as a tool for policymakers.

7. An important outcome of the Year, meanwhile, had been the establishment of the United Nations Advisers Group on Inclusive Financial Sectors, which had about 20 members, including senior officials from a number of leading private sector financial institutions, Governments, central banks, development agencies, microfinance institutions and other financial service providers, the Bretton Woods institutions and academia. While the Group would follow up several aspects of the initiatives taken during the Year, its emphasis and focus would be on encouraging, supporting and monitoring global progress towards building inclusive financial sectors.

8. Lastly, the award of the 2006 Nobel Peace Prize to Professor Muhammad Yunus and Grameen Bank recognized the role that microcredit and microfinance could play in improving the lives of poor people everywhere and inspired everyone to build on the achievements of the International Year.

9. **Mr. de Groot** (United Nations Industrial Development Organization (UNIDO)) said that, as the Director-General of UNIDO had explained in detail at the 23rd meeting, UNIDO was currently focused on three thematic priorities: poverty alleviation through productive activities; trade capacity-building; and energy and the environment. Within each theme, the focus was on the Organization's specific strengths and experience.

10. To ensure that the development needs of Member States were met in a comprehensive manner, UNIDO worked closely with organizations with complementary mandates, including the International Labour Organization (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP), the World Trade Organization (WTO), the International Trade Centre (ITC), the United Nations Environment Programme (UNEP), the Global Environment Facility (GEF) secretariat and the Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol. It had recently signed a memorandum with FAO covering joint activities in agro and food processing, and biofuels. UNIDO staff would be posted to Rome to speed up the development of those activities, in close cooperation with the International Fund for Agricultural Development (IFAD).

11. Partnerships were an important element of UNIDO's strategy, including the promotion of South-South partnership and close cooperation with the New Partnership for Africa's Development (NEPAD).

12. **Mr. Mally** (United States of America) said that eradicating poverty was a moral imperative that deserved the sustained attention of the United Nations and all its Members. While the scale of the challenge seemed daunting, many countries were succeeding. It was possible to turn vicious circles of poverty into virtuous ones of growth and prosperity.

13. The report of the Secretary-General on the observance of the International Day for the Eradication of Poverty (A/61/308) linked the lack of rights to the persistence of poverty. While his delegation might debate some of the definitions of rights and related conclusions, the bottom line was that eradicating poverty was a complicated affair that involved the interaction over time of many Government policies in different spheres with the actions and decisions of individuals, households and businesses, against a backdrop of changing economic conditions. It also involved increasing productivity through accumulation of capital and skills. That was clearly at odds with the view that poverty could be eradicated by a "big push" of frontloaded transfers from rich countries to poor countries. Even so, his country was not shying away from using ODA where appropriate, as its record of nearly tripling ODA from 2000 to 2005 showed.

14. The High-Level Segment of the Economic and Social Council's 2006 substantive session had discussed the right to meaningful employment and "decent work". On that occasion, his delegation had highlighted the critical contribution of employment creation to ending poverty. The ability to work was about the right to life, especially for the poorest of the poor. Thus, poverty eradication was largely about enterprise and job creation. Accordingly, there was much to be gained simply by removing barriers that held people back from realizing their potential. Registering property and enforcing contracts would help microenterprises move out of the informal sector, gain access to finance and produce more jobs. Educating girls and giving women equal opportunity would lead to better health for women and their children, and more productive economies.

15. He emphasized the role of competitive markets, which allocated resources efficiently, spawned innovation, delivered goods and services, and spread risks. The existence of externalities and failed markets was well established. However, in most places where there was pervasive and extreme poverty, markets had failed because Governments had not allowed them to succeed. Eradicating discussion of markets did not augur well for eradicating poverty.

16. **Mr. Schölvinck** (Director, Division for Social Policy and Development, Department of Economic and Social Affairs) said that eradicating poverty was indeed a complicated affair and harmonizing policies crucial. Noting that poverty eradication was discussed in the Second but not in the Third Committee, he stressed the need to better integrate economic and social policies and abolish the artificial divide that currently existed.

17. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said that, while the first United Nations Decade for the Eradication of Poverty (1997-2006) had led to greater awareness of the nature of poverty, greater acknowledgement of the intrinsic links between poverty eradication and global peace, and a strengthened global partnership, poverty eradication continued to be the major challenge facing the world, where more than a billion people were languishing in extreme poverty.

18. The work of Professor Amartya Sen, 1998 Nobel Prize Winner in Economics, had contributed to a

crucial paradigm shift towards a multidimensional concept of poverty and development. While development had previously been measured in terms of GDP per capita and poverty in terms of mere income deprivation, currently human development was characterized in terms of the expansion of valuable human capabilities, with major emphasis on individual freedoms and rights.

19. To fight poverty was to ensure human security. That meant protecting people's vital freedoms from threats deriving from deprivation, economic downturns and disease and empowering them to cope with such dangers. Those were the functions of any well-governed State. The eradication of poverty was central to global stability and peace.

20. As asserted in the report of the Secretary-General on the observance of the International Day for the Eradication of Poverty (A/61/308), a human rights approach to poverty reduction was recognized and implemented internationally. It linked poverty reduction to questions of obligation, rather than welfare or charity, and compelled policymakers to identify the most vulnerable people and implement appropriate strategies to help them. The report's articulation of human rights as a tool to eradicate poverty should receive the Committee's close attention.

21. Thirty-four of the world's 50 least developed countries were in Africa, while East and South Asia and sub-Saharan Africa were home to 93 per cent of the world's extreme poor. Since poverty was partially determined by the ability of households to access capital and other essential financial services, microcredit and other financial services could significantly improve the lives of people living in poverty. Microcredit was also a wise investment in human capital and had become a key strategy for halving extreme poverty and hunger by 2015. A growing body of empirical evidence supported that view. In the least developed countries, microcredit was an effective tool for eradicating poverty and empowering people, especially women. He was particularly pleased that the 2006 Nobel Peace Prize had been awarded to Professor Muhammad Yunus and his pioneering institution, Grameen Bank.

22. The recent High-Level Meeting on the Midterm Comprehensive Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 had recognized that the socio-economic situation in the least developed countries remained precarious and required the international community's continued attention and that it was unlikely that most of the least developed countries would achieve the Programme's goals and objectives. Development in such countries was constrained by many factors, including structural weaknesses; limited capacity; inadequate infrastructure; limited capability to mobilize and attract resources; unsustainable external debt; vulnerability to external shocks; natural disasters; continuing conflicts; and the prevalence of diseases. Other challenges included rapid population growth, increasing urbanization, environmental degradation and climate change. The fight against poverty also called for good governance.

23. Poverty alleviation could not be accomplished in one decade. Development was a long process that needed not only will and determination, but also patience and a great deal of flexibility. The United Nations Decade for the Eradication of Poverty had started that process. It must not be derailed or reversed.

24. **The Chairperson** invited the Committee to engage in a general discussion on the item.

25. **Ms. Fernández** (Finland), speaking on behalf of the European Union, the acceding countries Bulgaria and Romania, the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey, the stabilization and association process countries and potential candidates Albania and Serbia, and, in addition, Liechtenstein, Ukraine and the Republic of Moldova, said that poverty eradication remained the overarching objective of the European Union's strategy for development cooperation. European Union member States and the European Commission supported the implementation of national poverty reduction strategies, giving priority to least developed countries. Millennium Development Goal indicators had helped the Union to galvanize efforts towards poverty eradication, and it continued to be committed to the global partnership for development as envisaged in the Millennium Declaration, the Monterrey Consensus and the Johannesburg Plan of Implementation.

26. The European Union had been systematically focusing on poverty since the 1995 World Summit for Social Development, which had identified poverty eradication, full productive employment and social integration as the three most important challenges to be

met in order to achieve sustainable development, with emphasis on the objective of decent work for all.

27. While the number of people living in extreme poverty over the last decade had declined by over 100 million, the total number of people living in abject poverty was more than 1 billion. Countries needed to take primary responsibility for their own development, through good governance and national poverty reduction strategies which should address the important issues of education and health. The international community should support those endeavours.

28. As labour was often the only marketable asset that poor people had at their disposal, efforts to reduce poverty must include social rights, social protection, social inclusion and dialogue, and job creation, and the promotion of gender equality, entrepreneurship and employability, with particular emphasis on youth.

29. She congratulated the Managing Director of the Grameen Bank of Bangladesh and his team on their work on microfinance, which had proven to be an effective means of lifting people out of extreme poverty, putting resources and power into the hands of millions of individuals. In that connection, more inclusive financial services should be provided, for example by replicating or scaling up the Grameen Bank model, and lowering service costs through technological innovation.

30. **Mr. Talbot** (Guyana), speaking on behalf of the Rio Group, said that the Rio Group agreed with the Secretary-General that the eradication of poverty was not only a development objective, but also a human right. Development and the eradication of poverty, especially through the framework of the Millennium Development Goals, had been a central focus of the international community over the last decade.

31. While some progress had been made since the adoption of the Millennium Declaration, much remained to be done. Great inequalities in the distribution of wealth persisted among Rio Group countries, where one in four persons lived on less than two dollars a day. The World Bank report entitled "Poverty Reduction and Growth: Virtuous and Vicious Circles" suggested that poverty should be treated in an integrated and comprehensive manner, with attention to such issues as education, health and housing.

32. A report of the Economic Commission for Latin America and the Caribbean (ECLAC) on the Millennium Development Goals had revealed that 18.6 per cent of the population of Latin America and the Caribbean lived in extreme poverty; that figure was 42.9 per cent in rural areas. Since nearly 90 per cent of the region's extreme poor lived in middle-income countries, the approach of focusing on poor countries instead of poor persons should be reconsidered. Immediate action was needed in that regard, and the Rio Group called on its development partners to fulfil the commitments made, including the provision of 0.7 per cent of GDP for ODA.

33. The structural economic reforms that many Rio Group countries had undertaken in recent years had produced significant advances in macroeconomic stability, growth recovery, international insertion and regional integration, with emphasis on economic liberalization and enhancing growth and reducing inflation. They had allocated resources to social investment in order to lower the poverty line, thus combining the positive effect of growth with the progressive distribution of income.

34. The international environment needed to facilitate sustained economic growth, higher levels of investment, business competitiveness, financial and technical assistance, technology transfer and training to help Rio Group countries to better address their citizens' basic needs and improve their lives and livelihoods. The international community thus needed to make concerted and coordinated efforts to eradicate poverty, promote global development through increased and effective orientation of development aid, identify and support alternative sources for financing, eliminate the digital divide and advance sustainable development and the liberalization of trade.

35. An open trading and financial system was essential, based on predictable and non-discriminatory norms, including on agriculture — without any protectionism or subsidies for production and exports. Countries should show the political will needed to resume WTO negotiations and ensure a positive conclusion to the Doha Development Round.

36. The fight against poverty and hunger was the greatest ethical and moral challenge facing humanity and should be approached in a spirit of solidarity, in the framework of a global alliance for development and through concrete actions. In that connection, it was

timely to give greater consideration to the proposals advanced by certain Rio Group countries, such as the Action Against Hunger and Poverty Initiative, the proposal for an international humanitarian fund, and the call for the establishment of a new global human order. While development extended beyond the fight against poverty, the eradication of that scourge must remain a benchmark of collective efforts to accelerate development.

37. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that the objective of overcoming poverty was far from having been achieved, and the growth in the world economy would not be sufficient to fuel the efforts of least developed countries to achieve the Millennium Development Goals, in particular the goal pertaining to poverty. Indeed, global imbalances and widespread poverty were ongoing challenges. Observance of the International Day for the Eradication of Poverty and the 2005 International Year of Microcredit had been an effective way to reinvigorate the obligation of eradicating extreme poverty. More should be done to achieve the Millennium Development Goals by 2015. In that connection, a global partnership for development needed to come into full play, and efforts to implement General Assembly resolution 60/265 on follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and the other internationally agreed development goals should be redoubled. Imbalances in the global economy needed to be addressed, financial flows for development to developing countries needed to be increased and their external debt burden further eased; also, fair trade and market access for export products should be enhanced.

38. Economic cooperation was crucial to bridging the development gap between member countries. In that regard, ASEAN had pro-poor, pro-growth and pro-employment policies in pursuit of the Jakarta Declaration on Millennium Development Goals in Asia and the Pacific, and a range of measures, including an integration initiative, the Vientiane Action Programme, and the framework for the Plan of Action on Rural Development and Poverty Eradication (2004-2010), through which it was working with such organizations as the World Bank and UNDP. It was also advocating South-South cooperation and tripartite arrangements with development partners, and promoting microfinancing as a vehicle for achieving the Millennium Development Goals. Furthermore, ASEAN was identifying key elements for a Millennium Development compact for intersectoral collaboration towards achieving those Goals.

39. The Association was developing a communication and transportation network with special consideration to its landlocked member country, so as to help that country to improve its competitiveness in ASEAN and interregional trade and economic cooperation.

40. **Mr. Snoussi** (Tunisia) said that, although the first United Nations Decade for the Eradication of Poverty was nearing an end, poverty and hunger were actually increasing. Many developing countries were still not in a position to improve their socio-economic situation or achieve the Millennium Development Goals. With respect to Africa in particular, the United Nations Conference on Trade and Development (UNCTAD) was advocating a new "aid architecture" whereby aid to Africa would be doubled to give the continent a "big push" to achieve the Goals.

41. The fight against poverty could not be won unless there was a genuine global partnership for development. That would require cooperation and support for the multilateral trade system, official development assistance, sustainable external debt, technology transfer and the effective participation of developing countries in economic and social decisions. The global partnership for development should promote a culture of solidarity and a spirit of sharing. After 10 years, poverty and hunger remained an obstacle to development and a threat to security. It was hoped that more concrete results would be achieved during the second Decade.

42. **Mr. Raghavan** (India) said that continued poverty was a by-product of liberalization and the policies of international economic institutions. International financial and trade systems must be reformed so that they could constructively support national efforts to eradicate poverty. For its part, India was promoting South-South cooperation, including by extending highly concessional credit lines to West Africa, cancelling the debts of heavily indebted poor countries, and providing duty-free access to its market for exports from least developed countries.

43. The developed world had an obligation to provide financial resources as well as support for building

human and institutional capacity. Sequencing, innovative sources of financing and special and differential treatment were crucial. To avoid the danger of deindustrialization, the developing countries themselves needed to maintain flexibility and policy space with respect to non-agricultural market access.

44. India had developed a national strategy to accelerate economic growth and improve the quality of life of the poor through specific and targeted poverty eradication programmes. Poverty had declined by some 12 per cent since 1987 and it was expected that the programmes would help India meet its commitment to reduce the poverty ratio by a further five per cent by 2007 and 15 per cent by 2015.

45. India welcomed the momentum generated by the International Year of Microcredit, 2005 towards creating an enabling environment for the exploitation of microcredit and microfinance as tools of poverty eradication. The next step was to address the issue of funding for capacity-building and other support systems so that microcredit and microfinance institutions could be established in developing countries where they did not yet exist.

46. **Mr. Duong Hoai Nam** (Viet Nam) said that his delegation concurred with many points in the Secretary-General's report on the eradication of poverty and other development issues, particularly the recommendations relating to the implementation of the first United Nations Decade for the Eradication of Poverty and the realization of the Millennium Development Goals.

47. Although some countries had made progress in achieving the Goals, many developing countries would not be able to attain the targets. Developing countries required assistance to improve their export capacity, improve their access to high-tech and financial markets and increase their participation in international economic cooperation mechanisms, especially WTO. Viet Nam welcomed the collective commitment by the European Union countries to provide 0.7 per cent of their GNI for ODA and the agreement by the Group of Eight to cancel all outstanding debts of eligible heavily indebted poor countries.

48. As of 2004, Viet Nam had reduced the 1993 poverty rate by three fifths, thus attaining the goal of halving poverty 10 years ahead of schedule. It had also succeeded in eliminating illiteracy and achieving universal primary education. Those important achievements had been attained with the valuable support of United Nations organizations, other bilateral and multilateral donors, international NGOs and foreign individuals. Viet Nam looked forward to their continued support and assistance in the future.

49. **Mr. Chowdhury** (Bangladesh) said that the celebration of the International Year of Microcredit, 2005 had helped to increase global awareness of microcredit as an important tool in the fight against poverty. Microfinance programmes had spread worldwide during the past two decades and the Global Microcredit Summit 2006 planned to launch a new campaign to ensure that 175 million of the world's poorest families were receiving credit for self-employment and other business services by the end of 2015.

50. Microfinance had contributed to asset creation, employment generation, economic security and empowerment of the poor, particularly women. With careful attention to a strategic gender approach, microfinance institutions had the potential to enable women to become socially and politically empowered through financial self-sufficiency. As the United Nations became increasingly engaged in peacebuilding in strife-torn parts of the world, microcredit could also play a significant role in sustaining peace.

51. Rapid socio-economic progress had placed Bangladesh in the medium category of the UNDP Human Development Index. Microcredit had played an important role in the country's development achievements and an extensive study by the World Bank had found that 40 per cent of poverty reduction in Bangladesh was directly due to microcredit.

The meeting rose at 1.05 p.m.